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OFFICE OF PETITIONS

In re Patent No. 6,302,845
Issued: October 16, 2001
Application No.: 09/272,764
Filing Date: March 19, 1999
Attorney Docket No. 20208.0002U1

: ON RENEWED PETITION

This is responsive to the "Response to Request for Information" filed November 7, 2011, and a decision on the petition under 37 CFR 1.378(e), filed August 22, 2011, to reinstate the above-identified patent.

The renewed petition is DENIED¹.

BACKGROUND

The record reflects that:

- On October 16, 2001, United States non-provisional patent application 09/272,764 matured into U.S. Patent No. 6,302,845.
- the 3.5 year maintenance fee could have been paid from October 16, 2004, through April 16, 2005, and with a surcharge, as authorized by 37 CFR 1.20(h), from April 17, 2005, through October 16, 2005.
- the 3.5-year maintenance fee was not timely paid and the subject patent expired at midnight on October 16, 2005.
- the 7.5-year maintenance fee was due by October 16, 2009.

¹This decision may be viewed as a final agency action within the meaning of 5 U.S.C. § 704 for the purpose of seeking judicial review. See MPEP 1002.02.

- a petition under 37 CFR 1.378(b) was first filed March 9, 2010.
- A Request for Information was mailed September 10, 2010.
- A Response to Request for Information was filed November 10, 2010.
- A decision dismissing the petition under 37 CFR 1.378(b) was mailed June 21, 2011.
- A petition under 37 CFR 1.378(e) was filed August 22, 2011.
- A Request for Information was mailed on September 7, 2011.
- A Response to Request for Information was filed November 7, 2011.

STATUTES AND REGULATIONS

35 U.S.C. § 41(b) states, in pertinent part, that:

MAINTENANCE FEES.-- The Director shall charge the following fees for maintaining all patent based on applications filed on or after December 12, 1980:

- (1) 3 years and 6 months after grant, \$900.
- (2) 7 years and 6 months after grant, \$2,300.
- (3) 11 years and 6 months after grant, \$3,800.

Unless payment of the applicable maintenance fee is received in the United States Patent and Trademark Office in or before the date the fee is due or within a grace period of six months thereafter, the patent will expire as of the end of such grace period.

35 U.S. C. § 41(c)(1)

The Director may accept the payment of any maintenance fee required by subsection (b) of this section which is made within twenty-four months after the six month grace period if the delay is shown to the satisfaction of the Director to have been unintentional, or at any time after the six month grace period if the delay is shown to the satisfaction of the Director to have been unavoidable. The Director may require payment of a surcharge as a condition of accepting payment of any maintenance fee after the six-month grace period. If the Director accepts payment of a maintenance fee after the six month grace period, the patent shall be considered as not having expired at the end of the grace period.

35 U.S.C. § 41(h)(1)

Fees charged under subsection (a) or (b) shall be reduced by 50 percent with respect to their application to any small business concern as defined under section 3 of the Small Business Act, and to any independent inventor or non-profit organization as

defined in regulations issued by the Director.

37 CFR 1.378(b)

Any petition to accept an unavoidably delayed payment of a maintenance fee filed under paragraph (a) of this section must include:

- (1) The required maintenance fee set forth in § 1.20(e) through (g);
- (2) The surcharge set forth in § 1.20(i)(l), and
- (3) A showing that delay was unavoidable since reasonable care was taken to ensure that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date and the manner in which patentee became aware of the expiration of the patent and the steps taken to file the petition promptly.

37 CFR 1.378(e)

Reconsideration of a decision refusing to accept a maintenance fee upon petition filed pursuant to paragraph (a) of this section may be obtained by filing a petition for reconsideration within two months of, or such other time as set the decision refusing to accept the delayed payment of the maintenance fee. Any such petition for reconsideration must be accompanied by the petition fee set forth in § 1.17(f).

After the decision on the petition for reconsideration, no further review of the matter will be undertaken by the Director. If delayed payment of the maintenance fee is not accepted, the maintenance fee and the surcharge set forth in § 1.20(i) will be refunded following the decision on the petition for reconsideration, if none is filed. Any petition fee under this section will not be refunded unless the refusal to accept and record the maintenance fee is determined to result from error by the Patent and Trademark Office.

STANDARD

37 CFR 1.378(b)(3) is at issue in this case. Acceptance of a late maintenance fee under the unavoidable delay standard is considered under the same standard for reviving an abandoned application under 37 CFR 1.137(a). This is a very stringent standard. Decisions on reviving abandoned applications on the basis of "unavoidable delay have adopted the reasonably prudent person standard in determining if the delay was unavoidable: The word 'unavoidable'...is applicable to ordinary human affairs, and requires no more or no greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business².

² In re Mattullath, 38 App. D.C. 497, 514-515 (1912) (quoting Ex parte Pratt, 1887, Dec. Comm'r Pat. 31, 32-33 (1887)); see also Winkler v. Ladd, 221 F. Supp. 550, 138 U.S.P.Q. 666, 167-168 (D.D.C. 1963), aff'd, 143 U.S.P.Q. 172 (D.C. Cir. 1963); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (1913).

In addition decisions are made on a “case-by-case basis, taking all facts and circumstances into account.” Nonetheless, a petition cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was “unavoidable³. ”

An adequate showing that the delay in payment of the maintenance fee was unavoidable within the meaning of 35 U.S.C. 41(c) and 37 CFR 1.378(b)(3) requires a showing of the steps taken to ensure the timely payment of the maintenance fees for this patent. Where the record fails to disclose that the patentee took reasonable steps, or discloses that the patentee took no steps, to ensure timely payment of the maintenance fee, 35 U.S.C. 41(c) and 37 CFR 1.378(b)(3) precludes acceptance of the delayed payment of the maintenance fee under 37 CFR 1.378(b).

The burden of showing the cause of the delay is on the person seeking to reinstate the patent⁴.

The Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the applicant, and the applicant is bound by the consequences of those actions or inactions⁵. Specifically, petitioner’s delay caused by the mistakes or negligence of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 USC 133⁶.

The actions of the attorney are imputed to the client, for when a client voluntarily chooses an attorney to represent him, the client cannot later avoid the repercussions of the actions or

inaction of this selected representative, for clients are bound by acts of their lawyers/agents, and constructively possess “notice of all facts, notice of which can be charged upon the attorney⁷. ”

Presuming for the purpose of discussion that it was an act/omission of Counsel that contributed to any of the delay herein, the act(s) omissions of the attorney/agent are imputed wholly to the applicant/client in the absence of evidence that the attorney/agent has acted to deceive the client. The actions or inactions of the attorney/agent must be imputed to the petitioners, who hired the attorney/agent to represent them. Link v. Wabash Railroad Co., 370 U.S. 626, 633-634, 82 S. Ct. 1386, 1390-91 (1962). The failure of a party’s attorney to take a required action or to notify the party of its rights does not create an extraordinary situation. Moreover, the neglect of a party’s attorney is imputed to that party and the party is bound by the consequences. See Huston v. Ladner, 973 F.2d 1564, 23 USPQ2d 1910 (Fed Cir. 1992); Herman Rosenberg and Parker Kalon Corp. v. Carr Fastener Co., 10 USPQ 106 (2d Cir. 1931).

³ Haines, 673 F. Supp. at 316-317, 5 U.S.P.Q.2d at 1121-32.

⁴ Id.

⁵ Link v. Wabash, 370 U.S. 626, 633-634 (1962).

⁶ Haines, 673 F. Supp. at 316-17, 5 U.S.P.Q.2d at 1131-32; Smith v. Diamond, 209 USPQ 1091 (D.D.C. 1982); Potter v. Dann, 201 USPQ 574 (D.D.C. 1978); Ex parte Murray, 1891 Dec. Comm’r Pat. 103, 131 (Comm’r Pat. 1891).

⁷ Link at 633-634.

PETITIONER'S ARGUMENT

Petitioner argues that the above-cited patent should be reinstated because the delay in paying the 3.5-year maintenance fee was unavoidable and resulted from several apparent failures in the Thomas Jefferson University, IP Counsel Group. Thomas Jefferson University is noted in USPTO records as the assignee for the subject patent. In summary, petitioner asserts that Mr. Clifford Weber was responsible for tracking and paying the maintenance fees for the subject patent; however, Mr. Weber's employment was terminated in July 1, 2003. Thereafter, the assignee's IP Counsel Group dissolved and the assignee's lead attorney's employment was terminated in May of 2004. Petitioner states that there does not appear to have been any provisions made by Mr. Weber, anyone in the IP Counsel Group, or the Office of Technology Transfer and Business Development (hereinafter, "OTT") for the tracking of the maintenance fees or the payment of the maintenance fees. The present patent expired on October 16, 2005.

Petitioner further states that the OTT was not aware of the need to pay the 3.5-year maintenance fee and was not advised to do so by Mr. Weber. Since July 1, 2003, the OTT has retained outside counsel to track and pay maintenance fees for patents owned by the assignee. The OTT transferred all patent files to the outside counsel and retained one full-time employee as a liaison to the outside firms. Petitioner states that the OTT believed that responsibility for payment of the maintenance fees for the subject patent had been transferred to outside counsel. Petitioner further explains that, for issued patents and patent application initiated and filed before July 1, 2003, once the OTT received a communication from the USPTO, the communication was entered into a database maintained by the OTT. Once entered into the OTT database, OTT sent the communication to outside counsel who then docketed the communication and tracked any due dates. Petitioner states that, relative to the subject patent, the Notice of Patent Expiration was received by the OTT on December 22, 2005, by the receptionist, Mr. Eric Hsu. Because

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there was no file for the subject patent, Mr. Hsu only docketed the Notice of Patent Expiration in the OTT database and did not send it to the outside counsel for further action. Mr. Hsu resigned his position shortly thereafter. Petitioner states that it was not until 2009, that petitioner discovered the patent was expired and began efforts to reinstate it.

OPINION

The Director may reinstate a patent if the delay in paying the maintenance fee is shown to the satisfaction of the Director to have been "unavoidable". In this case, petitioner alleges that the cause of the unavoidable delay in paying the maintenance fee was two-fold. The first cause was the alleged failure of Mr. Clifford Weber, an employee of the assignee and a registered patent agent, to pay the maintenance fee, inform the assignee, or outside counsel, of the need to pay the maintenance fee prior to the termination of his employment with the assignee. The second cause of the alleged unavoidable delay was the failure of the OTT to take action in the matter after being advised of the patent's expiration by a Notice of Patent Expiration received from the USPTO on December 22, 2005. In support, petitioner has offered the statement of Steven E. McKenzie, Vice President for Research, Thomas Jefferson University, wherein Mr. McKenzie states:

[i]n accordance with Thomas Jefferson University policy, one of Mr. Weber's duties as an employee of Thomas Jefferson University in its IP Counsel Group was responsibility for payment of maintenance fees of the '845 Patent.

Mr. Weber's employment was terminated by Thomas Jefferson University on July 1, 2003, and he left the University immediately and abruptly thereafter. Mr. Weber did not transition his working matters to anyone else at Thomas Jefferson University.

Thomas Jefferson University's IP Counsel Group dissolved after Mr. Weber's dismissal.

There are no record indicting that Mr. Weber transferred responsibility for payment of maintenance fees for the '845 Patent to outside counsel.

Thomas Jefferson University's lead counsel's employment was terminated on May 21, 2004.

Records relating to the '746 application and the '845 Patent were lost subsequent to the dismissal of Mr. Weber and the lead counsel. This included records related to the maintenance fees of the '845 Patent...

Payment of the first maintenance fee has been unavoidably delayed as Thomas Jefferson University's Office of Technology Transfer and Business Development ('OTT'), the office that took over the coordination of patent prosecution functions on July 1, 2003, after Mr. Weber's sudden and abrupt dismissal, was not aware of the need to pay the first maintenance fee.

Excerpt taken from "Affidavit of Steven E. McKenzie", filed March 9, 2010, pgs. 2-3.

Petitioner's argument has been considered, but fails to establish that the delay in the 3.5-year maintenance fee was unavoidable. Petitioner is responsible for having knowledge of the need to pay maintenance fees and knowing when the fees are due.⁸ The Office has no duty to notify a patentee of the requirement to pay maintenance fees or to notify patentee when a maintenance fee is due.⁹ Even if the Office were required to provide notice to applicant of the existence of

⁸Nonawareness of PTO statutes, PTO rules, the MPEP, or Official Gazette notices, which state maintenance fee amounts and dates they are due does not constitute unavoidable delay. See Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. *BNA) 977 (Fed. Cir. 1982) (citing Potter v. Dann, 201 U.S.P.Q. (BNA) 574 (D.D.C. 1978) for the proposition that counsel's nonawareness of PTO rules does not constitute "unavoidable" delay); Vincent v. Mossinghoff, 1985 U.S. Dist. LEXIS 23119, 13, 230 U.S.P.Q. (BNA) 621 (D.D.C. 1985) (Plaintiffs, through their counsel's actions, or their own must be held responsible for having noted the MPEP section and Official Gazette notices expressly stating that the certified mailing procedures outlined in 37 CFR 1.8(a) do not apply to continuation applications.) (Emphasis added).

Petitioner must act as a reasonable and prudent person in relation to his most important business. Upon obtaining the patent, a reasonable and prudent person, in relation to his most important business, would become familiar with the legal requirements of that business, in this case, the requirement to pay maintenance fees. In addition, a reasonable and prudent individual would read the patent itself and thereby become aware of the need to pay maintenance fees and the fact that such fee amounts are sometimes changed by law or regulation.

⁹Congress expressly conditioned §§ 133 and 151 [of the United States Code] on a specific type of notice, while no such notice requirements are written into § 41(c) . . . [T]he Commissioner's no timely-notice interpretation." Ray v. Comer, 1994 U.S. Dist.

maintenance fee requirements, such notice is provided by the patent itself.¹⁰ A reasonable and prudent person, aware of the existence of maintenance fees, would not rely on maintenance fee reminders or on memory to remind him or her when payments would fall due several years in the future. Instead, such an individual would implement a reliable and trustworthy tracking system to keep track of the relevant dates.¹¹ The individual would also take steps to ensure that the patent information was correctly entered into the tracking system. The instant petition and previous filings make clear that there were no steps in place or business routine for tracking and paying the maintenance fee around the time the patent issued that could be reasonably relied upon to ensure the maintenance fee was paid. Further, petitioner has not established that there was a process for the orderly transition of the handling of patent matters after the termination of Mr. Weber and the dissolution of the IP Counsel Group. Petitioner has not established that a system was in place between July 1, 2003 (the date Mr. Weber was terminated) and October 16, 2005 (the date of the expiration of the patent). Petitioner does not argue that the IP Counsel Group had a system in place for tracking and paying the maintenance fee. However, assuming that the IP Counsel Group did have a system in place, petitioner would still not have established that a system was in place between May 2004, and October 16, 2005. Petitioner has not shown that there was a business routine or steps in place to ensure the maintenance fee due dates were properly docketed and tracked. It is noted that Section 711.03(c) of the MPEP also explains that the legal standard employed for deciding petitions asserting unavoidable delay is the reasonably prudent person standard and states, in pertinent part, that:

LEXIS 21478, 8-9 (1994), *aff'd on other grounds Ray v. Lehman*, 55 F.3d 606, 34 USPQ2d 1786 (Fed. Cir. 1995) (Citing *Rydeen v. Quigg*, 748 F. Supp. 900, 905 (1990), *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 81 L. ed. 2d 694, 104 S. Ct. 2778 (1984)). "The Court concludes as it did in *Rydeen*, that as a constitutional matter, 'plaintiff was not entitled to any notice beyond publication of the statute.'" *Id.* at 3 (citing *Rydeen v. Quigg*, 748 F. Supp. at 906, *Texaco v. Short*, 454 U.S. 516, 536, 70 L. Ed. 2d 738, 102 S. Ct. 781 (1982)).

The Patent Office, as a courtesy tries to send maintenance fee reminders and notices of patent expiration to the address of record. However, the failure to receive the reminder notice, and the lack of knowledge of the requirement to pay the maintenance fee, will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the Office. See MPEP 2575, 2540, 2590. Petitioner does not have a right to a personalized notice that this patent will expire if a certain maintenance fee is not paid, as the publication of the statute was sufficient notice. See *Rydeen v. Quigg*, 748 F. Supp. 900, 907 (1990). The ultimate responsibility for keeping track of maintenance fee states lies with the patentee, not the USPTO. Since the mailing of Notices by the Office is completely discretionary and not a requirement imposed by Congress, accepting an argument that failure to receive a Notice is unavoidable delay would result in all delays being unavoidable should the Office discontinue the policy. All petitions could allege non-receipt of the reminder, and therefore all petitions could be granted. This was clearly not the intent of Congress in the creation of the unavoidable standard.

¹⁰See *Ray v. Lehman*, 55 F.3d 606, 610; 34 USPQ2d 1786, 1789 (Fed. Cir. 1995). The Letters of Patent contain a Maintenance Fee Notice that warns that the patent may be subject to maintenance fees if the application was filed on or after December 12, 1980. While it is unclear as to who was and is in actual possession of the patent, petitioner's failure to read the Notice does not vitiate the Notice, nor does the delay resulting from such failure to read the Notice establish unavoidable delay.

¹¹ 37 CFR 1.378(b)(3) precludes acceptance of a late maintenance fee for a patent unless a petitioner can demonstrate that steps were in place to monitor the maintenance fee. The Federal Circuit has specifically upheld the validity of this regulation. *Ray v. Lehman*, 55 F.3d 606, 609; 34 USPQ2d (BNA) 1786 (Fed.Cir. 1995). In *Ray v. Lehman*, petitioner claimed that he had not known of the existence of the maintenance fees and therefore had no steps in place to pay such fees. The petitioner therefore argues that the PTO's regulation, 37 CFR 1.37(b)(3), *supra*, arguing that it 'creates a burden that goes well beyond what is reasonably prudent.' We disagree, The PTOs' regulation merely sets forth how one is to prove that he was reasonably prudent, i.e., by showing what steps he took to ensure that the maintenance fee would be timely paid, and the steps taken in seeking to reinstate the patent. We do not see these requirements additional to proving unavoidable delay, but as the very elements of unavoidable delay." *Id.*

[t]he word 'unavoidable' . . . is applicable to ordinary human affairs, and requires no more or greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business. It permits them in the exercise of this care to rely upon the ordinary and trustworthy agencies of mail and telegraph, worthy and reliable employees, and such other means and instrumentalities as are usually employed in such important business. If unexpectedly, or through the unforeseen fault or imperfection of these agencies and instrumentalities, there occurs a failure, it may properly be said to be unavoidable, all other conditions of promptness in its rectification being present. *In re Mattullath*, 38 App. D.C. 497, 514-15 (1912)(quoting *Pratt*, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)); see also *Winkler v. Ladd*, 221 F. Supp. 550, 552, 138 USPQ 666, 667-68 (D.D.C. 1963), *aff'd*, 143 USPQ 172 (D.C. Cir. 1963); *Ex parte Henrich*, 1913 Dec. Comm'r Pat. 139, 141 (1913). In addition, decisions on revival are made on a "case-by-case basis, taking all the facts and circumstances into account." *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982). Finally, a petition cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was "unavoidable." *Haines v. Quigg*, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987).

The petition for reconsideration under 37 CFR 1.378(e) has failed to establish that the maintenance of the patent was treated as petitioner's most important business and that petitioner acted reasonably and prudently relative to the same. Petitioner has not established that petitioner treated the maintenance of the patent as it's most important business as during the critical period after the issuance of the patent in October 2001, there was apparently no business routine in place to ensure the maintenance of the patent. While the statements of Pei-Chun Tsai, Senior Contract Specialist of the OTT, and Lisa Lau, Senior Technology Licensing Associate, explain the method in which patent matters were initially transferred to the outside counsels after Mr. Weber's termination and how notices were subsequently docketed to the outside counsel, the statements do not establish that the procedures were followed relative to the subject patent with no other reason put forth than the files of the subject application and issued patent were lost.

It has not been established by petitioner that the subject patent was placed in a system for tracking and paying the maintenance fee upon the responsibility being transferred to a law firm. Further, it is not evident which law firm the subject patent was given responsibility for maintaining this file. Finally, the statements do not establish that the transition from in-house counsel to outside counsel was organized in such a way to reasonably prevent errors in the docketing of patent matters or that any safeguards or checks were in place to catch said errors. The petition fails to establish that the delay in paying the 3.5-year maintenance fee was unavoidable as petitioner has not established that petitioner acted reasonably and prudently relative to the maintenance of the patent.

Further, a grantable petition under 37 CFR 1.378(b) requires that petitioner establish that the entire delay—from the due date for the maintenance fee until the filing of the grantable petition—was unavoidable. Petitioner states that the petitioner was notified December 22, 2005, that the patent was expired by a Notice of Patent Expiration mailed by the USPTO to the assignee. Petitioner states that because no files existed for the subject patent Mr. Hsu simply docketed the Notice of Patent Expiration in the OTT database and no further action was taken. The failure of the assignee to take further action after receiving the Notice of Patent Expiration is arguably imprudent and belies petitioner's claim the entire delay in paying the maintenance fee

was unavoidable as petitioner had knowledge of expiration for the patent in December 2005, yet filed no petition to reinstate the patent until March 2010.

CONCLUSION

For the reasons stated above, the petition under 37 CFR 1.378(e) is **DENIED**. Therefore, the patent will not be reinstated and remains expired.

As stated in 37 CFR 1.378(e), no further reconsideration or review of this matter will be undertaken.

The amount of \$1,190.00 that was paid for the 3.5-year maintenance fee and surcharge will be refunded, in due course.

Telephone inquiries concerning this matter may be directed to Kenya A. McLaughlin, Petitions Attorney, at (571) 272-3222.



Anthony Knight
Director
Office of Petitions